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IN THE

Supreme Court of the United States

October Term, 1947

No. [redacted] 100

PHILLIPS PETROLEUM COMPANY,
Petitioner,

vs.

SHELL OIL COMPANY, INCORPORATED,
Respondent.

PETITION OF PHILLIPS PETROLEUM COMPANY FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FIFTH CIRCUIT, AND BRIEF IN SUPPORT THEREOF

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PHILLIPS PETROLEUM COMPANY,
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SHELL OIL COMPANY, INCORPORATED,
Respondent.

PETITION OF PHILLIPS PETROLEUM COMPANY FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FIFTH CIRCUIT

To the Honorable the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Phillips Petroleum Company, respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the Fifth Circuit to review the judgment of that Court, entered on the 30th day of April, 1948, affirming the judgment of the District Court of the United States for the Southern District of Texas, Houston Division, entered August 13, 1946 dismissing the complaint.

A petition for rehearing (R. p. 1274) was timely filed and was denied on April 14, 1948 (R. p. 1289).

A transcript of the record in the case, including proceedings in said Circuit Court of Appeals is furnished herewith in accordance with the rules of this Court.

Summary and Short Statement of the Matter Involved.

1. Petitioner, Phillips Petroleum Company, a corporation of Delaware, is the owner of Frey Patent No. 2,002,394 granted May 21, 1935 for Process for Converting Hydrocarbons. Petitioner is an independent petroleum company engaged in the production, refining and marketing of all types of petroleum products, specifically including high octane gasoline.

2. Respondent, Shell Oil Company, Incorporated, a corporation of Virginia, likewise engaged in the production, refining and marketing of petroleum products, was charged by the complaint (R. p. 15) in this case to infringe claim 2 of the Frey patent, in practicing the process thereof, at its refinery at Deer Park, Houston, Texas. Respondent counterclaimed (R. p. 32) for a declaratory judgment that the Frey patent is invalid, denied infringement by its operation at Deer Park, and requested a declaration of non-infringement for that operation, and of a past but contemplated operation at the same place, and of an operation then in use at its refinery at Norco, Louisiana.

3. Respondent is a member of a patent license "pool" (Cf. *United States* v. *Line Material Co.*, 68 S. Ct. 550, 92 L. Ed. 510, 527) consisting of its subsidiary (R. pp. 71, 687), Shell Development Company; The Texaco Development Corporation; Standard Oil Development Company; Anglo-Iranian Oil Company Limited of England, and Universal Oil Products Company (R. p. 662). These five companies exchanged cross-licenses and licensing rights under later and narrower patents, in the field of but completely ignoring the basic Frey patent here involved. They collected and divided substantial royalty tribute from the industry and

the United States Government, including the period of the war (R. p. 660).

4. This case is an unusual patent case in that respondent believes and asserts that it has proven invention in the subject matter of the Frey patent, and particularly claim 2 thereof, as distinguished from the usual patent case where this question is left to judicial speculation. The Frey patent discloses procedural conditions to effect a reaction which the workers in the art, the scientists, the textbooks, the teachers, and indeed respondent itself (R. pp. 175 to 189, PX 16, 17, 18, 19) believed and taught for at least fifty years, was impossible (Cf. *Goodyear* v. *Ray-O-Vac*, 321 U. S. 275).

The great importance of the invention of the Frey patent stems from the fact that it discloses how to use a great natural resource, *i. e.* the paraffin gases contained in natural gas, hitherto of so little utility that they were considered a waste product and disposed of by burning (as much as a billion cubic feet a day at one oil field alone, R. p. 169) at the wells (R. p. 16, PX 16), from which they were produced. The true significance of the invention appears in the fact that the great quantities of high test aviation gasoline required during the late war, and to which our success, in a large measure, is attributable, were available only because these waste gases were converted to a useful ingredient of gasoline (R. pp. 238, 687, 860) by employing the procedural conditions of claim 2 of the Frey patent.

5. Infringement of the Frey patent was clearly unequivocally established in the deposition of Albert H. Garrison, Assistant Superintendent of the Deer Park Refinery of the respondent, Shell Oil Company (R. p. 95), whose testimony was inescapably to the effect that the

process charged to infringe was literally, and in substance, completely that of the invention of the patent, particularly as defined in its second claim. It is significant that the frank factual admissions of Garrison, as to the process practiced at the Deer Park Refinery, were given early in this litigation, prior to the appearance of the present attorneys for respondent, and their development of the fine-spun theories of non-infringement urged at the trial. Garrison's testimony on infringement is confirmed by Dr. George G. Brown, Chairman of the Department of Chemical and Metallurgical Engineering at the College of Engineering at the University of Michigan, who clearly found infringement of claim 2 of the Frey patent (R. pp. 217-238).

6. The Frey patent discloses, for the first time, the procedural conditions by means of which a chemical process, known in the art as "alkylation", could be effected. Simply stated, Frey discovered and patented the procedural conditions under which a paraffin, a hitherto waste gas, and considered for generations to be unreactive, could be made to react with an olefin, also a gas, to convert them into a high yield valuable liquid product suitable as an ingredient of gasoline.

Thus by a chemical reaction, which the experts in the art had thought and taught, for decades, to be impossible, these normally gaseous materials were united to form a normally liquid gasoline ingredient of high octane value, and therefore, especially useful in preparing a gasoline having the characteristics required for the operation of high compression internal combustion engines, such as aircraft engines. The discovery of how to effect this reaction directly resulted in the production of millions upon millions of gallons of gasoline of high quality, which otherwise would not have been available, from waste natural gas. The procedural conditions by means of which this hitherto seemingly

impossible reaction is brought about are clearly set forth in claim 2 * of the Frey patent.

7. In 1932 both the respondent and Universal Oil Products Company, in which respondent owned a substantial interest (R. p. 62), were sparing neither time, manpower nor work in their concentrated effort to find some way of effecting a reaction between a paraffin and an olefin. Indeed, for decades the literature and the art stands as a monument to the fact that such a reaction involving paraffins to convert them into more useful products was earnestly sought. As late as 1934, the very year in which the Frey patent was filed in the Patent Office, Carlton Ellis, an authority in the field of organic chemistry, in a book entitled Chemistry of Petroleum Derivatives, at page 565 (R. p. 188) stated:

> "*No evidence* has yet been reported to demonstrate whether olefins can be condensed ** with completely saturated hydrocarbons such as paraffins or cycloparaffins to produce alkylated derivatives of these hydrocarbons." (Italics added.)

Robert E. Wilson in 1944, at that time Chairman of the Board of the Standard Oil Company of Indiana, in an article entitled Technology Advances Cited as Refutation of Oil Shortage Alarmists, published in National Petroleum News, for March 22, 1944 at page 40 (R. p. 240) made the statement:

> "Alkylation is a brand new development of the past few years which converts other gaseous constituents

* 2. In a process for the production of higher boiling hydrocarbons from lower boiling hydrocarbons, the step which consists in adding to a stream of predominantly saturated hydrocarbons, maintained at a conversion temperature and pressure, successive small quantities of predominantly olefinic hydrocarbons, in such amount that the content of added olefins in the mixture at no time exceeds 10% by weight of the total hydrocarbons present.

** "condensed" means—combined with—

> into high quality gasoline. The reaction, while simple on paper, *was not even considered possible a bare dozen years ago,* yet it is today the backbone of our tremendous production of 100 octane gasoline." (Italics ours.)

It is almost axiomatic that Frey gave to mankind a benefit, which it had not heretofore enjoyed, by a truly revolutionary discovery.

All of the claims of the Frey patent were allowed as originally filed, without rejection on the prior art, although the usual careful search was made by the Patent Examiner, and several prior art patents were cited, but not used by him as a basis of rejection (a matter of public record, file wrapper of the Frey patent).

The process disclosed in the Frey patent, and defined in claim 2 thereof is the result of a truly inventive concept, Cf. *Goodyear* v. *Ray-O-Vac, supra.* The decision of the Court of Appeals of the Fifth Circuit that the Frey patent does not disclose invention, in the light of the facts in this case, is in direct conflict with the principles of the *Goodyear* case, and of other cases of this Court.

8. The failure of the Court of Appeals for the Fifth Circuit to find invention in the Frey patent is as powerful an inducement "for the abandonment of competition", through competitive research, as was the illegal combination of competitors to "fix the prices of the products of the invention", *United States* v. *Line Material Co., supra,* page 527.

The striking down of a patent, for a revolutionary invention, such as that of the Frey patent, destroys the stimulus of invention, which the statutory rewards therefor contemplate, and is against the public interest. Conway P. Coe, Commissioner of Patents, in a statement before the

Temporary National Economic Committee in 1939, 76th Cong., 1st Sess., 857,858, testified to the importance of a sound patent system, as a benefit to the "public interest" in his statement:

> "Speculative capital must be encouraged to fall in behind a new enterprise and this is true whether the enterprise is wholly new or represents merely an expansion of an established organization. * * * I think I can present to you indisputable evidence that speculative capital will not back new invention without the patent protection. * * *"

Clarence C. Carlton, President of the Automotive Parts and Equipment Manufacturers Association, testified before the Temporary National Economic Committee:

> "Patents are valued so much more by the small manufacturer than they are by the large manufacturer. * * * if anything happened to this patent system the fellow who would be hurt more than anyone else would be the smaller manufacturer." *Hearings Before the Temporary Economic Committee, supra,* at pages 1057, 1058.

The President by Executive Order No. 8977, December 12, 1941, 1 CFR Cum. Sup. 1040, established the National Patent Planning Commission and appointed a Committee of prominent citizens to study the American patent system and report the results of that study. The report of the Committee, transmitted by the President to Congress June 18, 1943 (HR Doc. No. 239, 78th Congress 1st Sess. 1) stated in support of its belief that the American patent system had greatly contributed to the growth of the nation in part because it has

> "Operated to protect the individual and small business concerns during the formative period of a new enterprise."

The Constitution of the United States provides that:

> "The Congress shall have Power * * * To Protect the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive right to their respective Writings and Discoveries; * * *." *Art. I Sec. 8.*

The view has often been taken that the purpose of this provision of the Constitution, and the patent statutes based thereon, is primarily in the public interest (which includes the inventor's individual rights), overlooking as a substantial element thereof the necessity under our economy of fostering a sound patent system, because it is undeniable that inventions are of infinite importance to our economy, *United States* v. *Line Material Co., supra.*

Frey could have kept his invention secret, reaping the advantages thereof indefinitely to the detriment of the public interest by the loss of the full disclosure given in exchange for the patent right. *United States* v. *Line Material Co., supra; Kendall* v. *Winsor,* 21 How. 322, 327, 16 L. Ed. 165, 167; *United States* v. *Bell Telephone Co.,* 167 U. S. 224, 239, 42 L. Ed. 144, 154, 17 S. Ct. 809.

The patent statutes were passed to give effect to Article 1, Section 8 of the Constitution, and until they are repealed, they ought in fairness be construed in the spirit in which they were made. The situation should not be allowed to continue that the Government on one hand grants a patent in accordance with these statutes, and on the other hand destroys it, where, as here, the full benefits of a revolutionary invention are given to the public. *Grant* v. *Raymond,* 6 Pet. 218, 241-242, 243, 8 L. Ed. 376, 384, 385.

As recently as this year, L. HAND, Circuit Judge, cried out against this judicial method of nullifying the patent

statutes, *Jungersen* v. *Baden*, 69 F. (2d) 922. In a dissenting opinion discussing the test of invention he said:

> "Moreover, I am not aware of the slightest bias in favor of the present system; I should accept with equanimity a new system or no system. However, I confess myself baffled to know how to proceed, if we are to profess to apply the system as it is, and yet in every concrete instance we are to decide as though it did not exist as it is. In the case at bar, I can only say that, so far as I have been able to comprehend, those factors which have been held to determine invention, and to which at least lip service continues to be paid, the combination in suit has every hall-mark of a valid patent."

The decision of the Court of Appeals for the Fifth Circuit both on the question of invention and infringement decided this case in conflict with long and well established principles of this Court, and the spirit and intention of the patent statutes thereby properly interpreted. An act as truly against the public interest as sustaining an invalid patent.

9. Respondent to protect itself against possible charges of laches has filed three other suits on this patent, charging infringement thereof, viz:

Phillips Petroleum Company v. *The Texas Company*,
Civil Action File No. 1076,
United States District Court,
Eastern District of Texas;

Phillips Petroleum Company v. *Standard Oil Company of New Jersey*,
Civil Action File No. 3065,
United States District Court,
District of Maryland;

Phillips Petroleum Company v. *Humble Oil and Refining Company,*
Civil Action File No. 2219,
United States District Court,
Southern District of Texas;

and in

Sinclair Refining Company v. *Phillips Petroleum Company,*
United States District Court,
For the District of Delaware,
Civil Action No. 878.

Sinclair filed a declaratory judgment action on this patent.

All of these suits are pending, awaiting trial, with the exception of the Sinclair suit which was settled by a license agreement.

Questions Presented.

The questions presented for review by this Court if the present petition is granted are:

1. Is it against the public interest and contrary to the decisions of this Court to find want of invention in a revolutionary patent, creating a new branch of an industry, and lack of infringement thereof on the narrow and technical grounds used to interpret these questions in considering mere improvement patents?

2. Did the Circuit Court of Appeals for the Fifth Circuit fail to act in the best interest of the public in striking down the broad and basically original Frey patent by a narrow application of the principles of patent interpretation on the questions of validity and infringement, ignoring the revolutionary character of the invention of the Frey patent?

3. Under the facts of this case, is claim 2 of the Frey patent valid?

4. Under the facts of this case, do the three operations of respondent in issue infringe claim 2 of the Frey patent?

5. Is it a matter of sound judicial efficiency to grant certiorari in a patent case which has been decided in one circuit only where there is another suit pending in another circuit on the same patent against different parties?

Reasons Relied Upon for the Grant of a Writ of Certiorari.

The discretionary power of this Court is invoked upon the following grounds:

1. Because the Circuit Court of Appeals for the Fifth Circuit held the revolutionary Frey patent lacking in invention and not infringed, contrary to the decisions of this Court on the questions of invention and infringement. Therefore, this case presents an important question of federal law, which as decided herein adds to the almost universal confusion as to the true tests of invention and infringement.

2. Because the questions presented are of general importance to the public as well as to all industry and commerce, which in any way is affected by the ownership of patent rights, including especially independent and small businesses.

3. Because the questions presented here are now pending in other cases, one in the Fourth Circuit, which can be disposed of by this Court in this case if this petition is granted.

WHEREFORE your petitioner respectfully prays that a writ of certiorari issue out of and under the seal of this Court, directed to the United States Court of Appeals for the Fifth Judicial Circuit, demanding said Court to certify and send to this Court, on a date to be designated, a full transcript of the record and all proceedings in the Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this Court as to the questions herein presented, and that the judgment of the Circuit Court of Appeals be reversed; and that petitioner may be granted such other and further relief as may seem proper.

Respectfully submitted,

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Dated: June 1, 1948

BRIEF IN SUPPORT OF THE PETITION FOR WRIT OF CERTIORARI

Opinions of the Courts Below.

The opinion of the District Court is believed not to have been recorded but appears beginning at page 86 of the record.

The opinion of the Court of Appeals for the Fifth Circuit was reported in 166 F. (2d) 384 and will also be found beginning at page 1265 of the record.

Jurisdiction.

The grounds for jurisdiction are:

1. The date of the judgment to be reviewed is April 30, 1948.

2. The judgment was rendered in a civil action brought under the patent statutes to determine the issues of validity and infringement of Letters Patent of invention.

3. The statutes under which jurisdiction is invoked are 240(a) of the Judicial Code, 28 U. S. C. A. 347, as amended by the Statutes of February 13, 1925 and 274(d) of the Judicial Code, 28 U. S. C. A. 400.

4. Cases believed to sustain the jurisdiction are among others—

United States Industrial Chemical Co. v. *Carbide & Carbon Chemicals Corp.*, 315 U. S. 663; 86 L. Ed. 1105;

Halliburton Oil Well Cementing Co. v. *Walker*, 67 S. Ct. 6, 329 U. S. 1, 91 L. Ed. 3.

Statement.

It is believed that the pertinent facts are sufficiently set out in the petition.

Specification of Errors.

The errors which petitioner will urge if the petition for writ of certiorari is granted are that the Circuit Court of Appeals for the Fifth Circuit erred:

1. In affirming the judgment of the District Court which dismissed the complaint in this cause.

2. In failing to apply the long established principles of this Court in accordance with Art. I, Sec. 8 of the Constitution and the patent statutes in determining whether the Frey patent discloses an invention.

3. In failing to determine the question of infringement in accordance with long established principles of this Court, likewise in accordance with the Constitution and enabling statutes relating to patents.

4. In holding that the Frey patent under the facts of this case is invalid and not infringed by respondent's three operations.

5. In failing to reverse the judgment of the District Court.

Summary of Argument.

In the argument the points thereof will follow chronologically the reasons relied upon for the grant of a writ of certiorari, and are stated on page 11 of the petition, as well as in the index thereto. They need not be repeated here.

POINT I.

The Court of Appeals for the Fifth Circuit has held the pioneer and revolutionary patent of Frey invalid and not infringed on narrow and technical grounds, contrary to the principles of interpretation of these questions as announced by this Court. Therefore there is presented an important question of federal law which is not followed uniformly by the Circuit Courts with the result there is such confusion on these questions that the public must follow different rules depending upon the circuits affecting its problems.

The failure to conform to the established rules of this Court is an acknowledged ground for granting certiorari. *Cities Service* v. *Dunlap,* 308 U. S. 208, 84 L. Ed. 196; *Schriber-Schroth Co.* v. *Cleveland Trust Co.,* 311 U. S. 211, 85 L. Ed. 132.

Frey, at the time Chief Chemist of petitioner, Phillips Petroleum Company, moving in the face of the knowledge, belief and teachings of the art, which had sought the reaction for a period of half a century, discovered the procedural conditions by means of which a waste paraffin gas, considered to be substantially unreactive with anything, could be made to unite with an olefin gas to produce a normally liquid hydrocarbon, suitable as an ingredient of gasoline, and particularly the popularly known "high test" gasoline. In making this discovery Frey created an entirely new branch of an industry of major importance to the economy of this country and the general well being of its citizens. The Frey patent discloses and claims this pioneer and revolutionary invention, and as established by the record herein this petition hinges on that fact.

Without exception this Court, when considering a pioneer patent, and even when considering important improve-

ment patents, has adhered to the rule *"ut res magis valeat quam pereat"*, and has sustained this doctrine in every case which has come before it, which involved a patent of the character and quality of the Frey patent. It is a matter of practical as well as philosophical justice that patents, and particularly patents for meritorious inventions be liberally construed, so that the invention intended to be protected shall be saved to the patentee, for a limited period of years. *Winans* v. *Denmead*, 15 How. 338, 341, 14 L. Ed. 720; *Corning* v. *Burden*, 15 How. 265, 269, 14 L. Ed. 689; *Turrill* v. *Michigan S. & N. I. R. Co.*, 1 Wall. 491, 510, 17 L. Ed. 668; *Providence Rubber Co.* v. *Goodyear*, 9 Wall. 788, 795, 19 L. Ed. 566; *McClain* v. *Ortmayer*, 141 U. S. 419, 425, 35 L. Ed. 800, 12 Sup. Ct. Rep. 76; *Mitchell* v. *Ewart Mfg. Co.*, 26 C. C. A. 443, 39 U. S. App. 735, 81 Fed. 391; *Letson* v. *Alaska Packers' Asso.*, 64 C. C. A. 463, 130 Fed. 129; *Electric Smelting & Aluminum Co.* v. *Carborundum Co.*, 42 C. C. A. 537, 102 Fed. 631; *Goodyear Tire & Rubber Co.* v. *Ray-O-Vac*, 321 U. S. 275.

The principle of liberal construction of patents to save for the patentee the invention which he has contributed having been applied in cases involving meritorious invention should the more be applied where a truly pioneer invention, which created an entirely new branch of a large and important industry, is under consideration.

The very object of the Patent Laws is to secure to inventors a fair measure of protection for that which they have invented or discovered, and this object is not to be nullified by strict and technical rules of interpretation, the need for which has grown up in connection with the consideration of patents disclosing narrow improvements in a crowded art. *Topliff* v. *Topliff*, 145 U. S. 156, 171, 12 S. Ct. 825, 831, 36 L. Ed. 658, 664.

These principles were applied to the end that the inventor be given his just recognition in *Eibel Process Co.* v. *Minnesota & Ontario Paper Co.*, 261 U. S. 45, 67 L. Ed. 523, 532. In this case it does not appear that the invention created an entirely new branch of a major industry, but rather was for a meritorious improvement upon the state of things in the art to which it applied. This principle should be applied in the present case, where not only is a new branch of an important industry created, but also a vast natural resource, theretofore considered a waste product, is utilized.

This Court, as recently as February 28, 1944, reaffirmed these principles in a case which factually finds an amazing parallel in the present case. Cf. *Goodyear Tire & Rubber Co.* v. *Ray-O-Vac*, 321 U. S. 275, 88 L. Ed. 721. In the *Goodyear* case the patentee made an improvement in an old art to solve a problem, which had long evaded solution, by a simple mechanical expedient, which on its face might be considered to be devoid of invention. But this Court gave recognition to the historical background against which the improvement was to be tested. No one in the flashlight battery art had taught and believed for fifty years that the problem was impossible of solution, although it had been unable to solve it. In the present case the most outstanding minds in the art believed and openly taught that there was no solution to the problem of reacting paraffins with other compounds and particularly olefins to produce a useful product. The art, while believing the reaction impossible, nevertheless sought it, but it was not until Frey, applying his talents to the problem with utter disregard for the tenets of his schooling, found the solution. It is hard to conceive of a situation where the inventor is more entitled to the benefits which are the very objects of the patent statutes.

The Circuit Court of Appeals for the Fifth Circuit completely ignoring the decades old doctrine of this Court of liberality in construing a patent for a meritorious invention, resorted to strict technical rules of interpretation of the question of invention useful only for testing narrow, doubtful improvements, to find no invention in claim 2 of the Frey patent, on the basis of prior art which by no stretch of the imagination teaches it. Likewise, on the question of infringement, disregarding the rule of liberality, and in fact exhibiting no liberality whatsoever, the Circuit Court found the claim not infringed in the face of the simple straightforward statements of Albert H. Garrison, respondent's Operating Assistant Superintendent, and the testimony of Dr. Brown which clearly establishes infringement of the claim.

The decisions of many other Circuit Courts of Appeals could be cited to show the same disregard for these established principles, but the fact that this condition exists is universally known.

On the other hand, some Circuit Courts of Appeals follow the doctrine of liberality. Thus on August 6, 1946, Biggs, C. J. in the case of *Smith, Kline & French Laboratories* v. *Clark & Clark, et al.*, 157 F. (2d) 725, affirming the principle that a patent for a meritorious invention should be liberally construed in order that the just claim of the inventor be recognized. Citing *Providence Rubber Co.* v. *Goodyear*, 9 Wall. 788, 19 L. Ed. 566; *Motion Pictures Patents Co.* v. *Universal Film Mfg. Co.*, 243 U. S. 502, 36 S. Ct. 416, 61 L. Ed. 871, L. R. A. 1917E, 1187, Ann. Cas. 1918A, 959. In the *SKF* case there were a number of technical grounds upon which the claims in issue would have been defeated in other circuits, but the Court recognizing the

fundamental purposes of the Constitution and the patent statutes, said at page 729:

> "• • • Alles' discovery is close to pioneer invention. His patent is entitled to a liberal construction in aid of the claim under consideration • • •."

The Third Circuit Court of Appeals, acted in the same spirit as this Court in the *Eibel Process* case, *supra*, when this Court said, referring to Eibel's discovery:

> "• • • His was not a pioneer patent, creating a new art; but a patent which is only an improvement on an old machine may be very meritorious and entitled to liberal treatment."

Frey's invention is not an improvement on an old art, but as is clear from a published statement of Robert E. Wilson made ten years later "a brand new development" which "was not even considered possible a bare dozen years ago" (R. p. 240).

No one can dispute that the various Circuit Courts of Appeals are not in agreement on the principles which should have controlled the Fifth Circuit Court of Appeals in considering the questions of invention and infringement on the facts of this case. This has resulted in a large part from the tendency of a number of the Circuit Courts of Appeals to show little or no liberality in construing these patent questions, with the result that the public today cannot know, in considering these patent questions, what is its position. In one circuit its position and rights are diametrically opposed to its position and rights in another circuit, with the result that industry and all persons affected by patent rights have no secure foundation upon which to reach conclusions affected by these questions. This condition should be corrected.

The proper liberality in determining the question of validity and infringement involved in a patent for a meritorious invention was shown by PARKER, C. J. in *Reynolds, et al.* v. *Whitin Machine Works,* 76 U. S. P. Q. 551, in a decision rendered as recently as March 10, 1948. Petition to this Court for writ of certiorari filed May 3, 1948. The Court there said on the question of validity at page 556:

> "• • • We think that the claims are sufficiently specific but, even if this were not true, the Court would construe them in the light of the specification and drawings to save a meritorious patent." *Black & Decker Mfg. Co.* v. *Baltimore Truck Service Corp.,* 4 Cir. 40 F. (2d) 910.

The Court further pointed out, page 555, that the patentee in that case was entitled to a broad interpretation of his claims, citing *Smith* v. *Snow,* 294 U. S. 1, 79 L. Ed. 721.

In the *Reynolds* case the Court was also unimpressed with the fact that the defendant cited twenty-one instances of the prior art. In this case the defendant has cited twenty-nine instances of the prior art.

In the *Reynolds* case the Court pointed out that the

> "• • • citation of so many prior art patents almost means either that none of them is in point and that the patentee has brought together for the purpose of his invention devices to be found in prior patents of different character, or that there have been prior attempts to solve the problem with which he was confronted and which have not met with success." (Citing many cases.)

> "Patents for useful inventions ought not to be invalidated and held for naught because of such excursions into the boneyard of failure and abandoned experiments."

On the question of invention the Circuit Court further said, after discussing the disclosure of the patent and what the patentee had accomplished, page 556:

> "* * * This brought success out of failure and undoubtedly constituted patentable invention both as to the process and as to the mechanism for carrying it out." *Eibel Process Co.* v. *Minnesota & Ontario Paper Co.*, 261 U. S. 48.

From the foregoing it will be seen that the Circuit Courts are in disagreement and certainly the Fifth Circuit Court of Appeals is in disagreement with the Third and Fourth Circuits on the principles of interpretation as to invention and infringement where a meritorious invention is involved, and a re-examination of these questions and a clear and authoritative statement of the correct principles for guidance in the Circuit Courts of Appeals is long overdue, as L. HAND, C. J. so eloquently suggested in *Jungersen* v. *Baden*, 76 U. S. P. Q. 488.

The disagreement between the conclusions on these questions reached by the Circuit Court of Appeals for the Fifth Circuit and those of this Court and other Circuit Courts of Appeals, together with the important public interest in the questions presented warrants instructive review by this Court. *Klaxon Co.* v. *Stetnor Electric Mfg. Co., Inc.*, 313 U. S. 487, 85 L. Ed. 1477; *Duplate Corporation and Pittsburgh Plate Glass Co.* v. *Triplex Safety Glass Co. of North America*, 298 U. S. 448, 56 S. Ct. 792, 80 L. Ed. 1274.

POINT II.

The correct principles to be applied in determining the questions of invention and infringement where a patent for a meritorious invention is involved is a matter of general importance to the public as well as to all industry and commerce.

When a patent for a basic or meritorious invention is sustained the public is not thereby wronged. Indeed, it is more to the benefit of the general public than to the particular parties involved that such a patent be sustained. The patent system which is the keystone of our mechanized economy is thereby strengthened. Inventors and investment capital are encouraged, competitors are impelled to seek offsetting inventions, and all industry is spurred into new activity, to the undenied benefit of the entire public.

The effects of sustaining a valid patent should not be confused with the effects of sustaining a patent for a routine improvement within the skill of those in the art where obviously no one benefits except the inventor. Confusion of these principles led to the erroneous conclusion of the Fifth Circuit Court of Appeals. Too often the effects of impairment of the public interest which would result from the sustaining of an invalid patent are assumed to be the same as the effects of sustaining a patent for a meritorious invention. The loss of the inventor's rights as the result of such confused thinking are infinitesimal compared to the weakening effects that such action has on the American patent system, and that large part of the public directly concerned with inventions.

The well being of everyone in this country is directly concerned with the protection of new inventions and the building of new industries based thereon. The history and the growth of America has been written in the story of its industrial expansion. Industrial expansion comes directly from the creation of new industry. Today millions of citizens are employed in the automobile and radio industries, for example, each of which is the direct outgrowth of the creative genius of American inventors. Indeed, at the present time, to cite only one example, a new and vast industry in the field of television is growing up fostered by the inquisitive spirit of American inventive genius and the benefits of the American Patent System. No one can successfully deny that the development of these great human conveniences is in the public interest and equally no one can reasonably deny that the urge to produce and to commercially exploit these new developments is fostered by the hope of reward which flows from patent rights therein.

Neither these benefits nor the so-called "public interest" can truthfully be said to be impaired when a patent for a meritorious invention is sustained. Under the patent statutes, the public gets full value for the grant to an inventor of the right to exclude others from making his invention for a limited period, by the detailed disclosure of his invention which he exchanges for that limited privilege. No wonder liberal Courts have established the doctrine that patents for meritorious inventions should be liberally construed to the end that they be saved, as distinguished from striving to invalidate such patents on narrow and technical grounds.

POINT III.

The fact that the issues in this case are pending in at least one other circuit justifies the granting of certiorari herein to dispose of these questions.

It is not necessary that there be diversity of opinion between Circuit Courts of Appeals to justify granting certiorari. *Paramount Pictures Corp.* v. *American Tri-Ergon Corporation*, 29 U. S. 464, 79 L. Ed. 997. Petitioner has filed suits for patent infringement against The Texas Company, Civil Action File No. 1076, Eastern District of Texas; Standard Oil Company of New Jersey, Civil Action File No. 3065, District of Maryland; and Humble Oil and Refining Company, Civil Action File No. 2219 in the Southern District of Texas.

While the question of infringement in each of these cases may be different from that in this case, the question of validity of the Frey patent in issue here will remain the same in each of these cases, and it would be clearly a matter of judicial efficiency to finally determine this question by now granting certiorari herein. If the Frey patent is sustained it would greatly simplify the trial of the cases referred to above, limiting the issues to infringement.

It is believed, therefore, that as a matter of orderly and expeditious procedure, petition for certiorari should be granted herein for this additional reason.

Conclusion.

Wherefore petitioner earnestly prays that the petition for writ of certiorari be granted, the case be reviewed, and the judgment of the Court of Appeals for the Fifth Circuit be reversed and the cause remanded to the United States District Court for the Southern District of Texas, Houston Division, with instructions to reinstate the complaint in this cause to the end that a final judgment be entered holding claim 2 of the Frey patent valid and infringed by all three of respondent's operations charged by the complaint to be an infringement thereof.

Respectfully submitted,

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